DEVELOPMENT (1948) Department.

MS. SERIES

G.O. No. 6100

Dated 16TH OCTOBER 1948.

[Despatch Abstract.]

INDUSTRIES - Nationalisation of Industries - Policy - ...ure - Recorded.

During the previous Ministry in 1947, this Government considered the question of formulating a planned economy in regard to industries. For this purpose they have divided industries into three classes, namely Defence Industries, Key Industries and Public Utilities as below:

1. Defence Industries: Under this head fall the manufacture of Fire arms (land, air and marine) and their parts, munititions, explosives etc., tanks, armoured cars and other forms of mechanical equipment specially designed for military purposes, warships of all types including submarines, military aircraft of all kinds, gases for warfare. In regard to these industries, it was decided that they should be state-owned and controlled by the State.

II. Key Industries: Under this fall Hydro-power and Thermal generators, fuel, coal, mineral oil, power alcohol, winning of ores, machine tools, heavy engineering industries, commercial, industries and scientific instruments, heavy chemicals, fertilisers etc. It was considered that some key industries requiring large capital like iron and steel, tractors and fertilisers may be state-owned while in other cases there may be only state control.

III. Public Utilities: Distribution of electricity and other forms of energy, transport and communication services, water supply and sanitation are included under this head. These would be owned by some organ of the State.

During the previous ministry, this Government issued a Press Communique on the lines indicated above. After the change in the Ministry, the press communique was recirculated to all the Hon'ble Ministers. The matter was subsequently considered at an informal meeting of Hon'ble Ministers and it was decided that the question of nationalisation of industries may await the report of the Industrial Planning Committee appointed to advise the Government about the Industrialisation of the Province.

The Industrial Planning Committee submitted its preliminary report to the Government and the report was published for public criticism. The Committee has agreed with the views of the Advisory Planning Board that it may not be practicable at this stage to initiate a policy of nationalisation of industries on a large scale. For the purposes of considering the question of nationalisation, the Committee has, however, classified the industries under the following four heads--

I. Defence Industries: This include arms and ammunitions of war, military vehicles, warships of all kinds, aircraft, manufacture of chemicals and appliances solely used in connection with war and development of strategic mines.

II. Industries connected with generation of Power: The Committee has included under this head coal, manufacture of industrial power alcohol, generation of electricity exceeding 5,000 kilowatts etc.

III. Industries connected with transport and communications: Manufacture of locomotives, automobiles other than motor cars, for private use and light industrial vehicles etc., manufacture of telephone, telegraph and wireless apparatus other than domestic radio sets and office appliances are included in this head.

IV. INdustries essential to economic well-being of the people. The Committee has included iron and steel, cement, textiles, processing of foodstuffs, heavy chemicals, fertilisers, electrical machinery and agricultural implements and drugs under this head.

The Committee is unanimously of the view that Defence Industries should be exclusively owned and controlled by the State. It has recommended that the industries falling under heads II and III should also be owned and controlled by the State in the same way as Defence Industries. As regards the industrie falling under fourth head, the Committee has expresse its unanimous opinion that full scope should be given for private enterprise and that wherever there is reluctance of private capital or absence of private initiative, either to undertake them or to expand them, Government may step in, promote these industries and ma own them either completely or partly or render state ai In its final report also, the Committee has stated that from a practical point of view it is no use advocating wholesale nationalisation of industries at this stage of our practical point of view it is no use advocating wholesale nationalisation of industries at this stage. of our political ~~xxxx~~ development. This conclusion, the Committee has said, has been reached on its assumption that it is not desirable to vest complete economic control with the Government.

__ the circumstances it is for consideratior whether the matter will be discussed at an informal meeting of the Ministers. For orders.

The Government of India have published a statement outlying their Industrial poli(It is for consideration whether the policy to be adopted by this Government should also be announced in the Press Note.

Intd. x x
3.9.48.

I am against pronouncements on policy. They will always be misunderstood. Should like instead to concentrate on just doing things.

Intd. x x
3/9/48.

A.S.

The papers may be recorded after perusal by with reference to his minute on p.36 above.

O.P.R.
15/10

Intd. x x
11/9/48.

GOVERNMENT OF MADRAS.

Abstract.

INDUSTRIES - Nationalisation of Industries - Policy - Papers - Recorded.

DEVELOPMENT DEPARTMENT.

G.O.Ms.No.5100. Dated 16th October 1948.

RECORDED.

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